

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

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**FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY**

In the Matter of)

End User Common Line Charges)
_____)

CC Docket No. 95-72

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JOINT REPLY COMMENTS

These reply comments represent the position of a broad range of groups that have come together in support of ISDN deployment. The signatories consist of organizations with a range of diverse interests. Yet, whatever our disagreements may be on other issues, we are unified in the belief that -- if the National Information Infrastructure ("NII") is to be a reality -- the Commission must adopt policies that will allow for widespread deployment of ISDN.

The gravity of this issue is demonstrated by the large volume of commenters who have participated in this proceeding. These commenters clearly recognize that ISDN is an important on-ramp to the NII, which can increase the utility of our nation's existing infrastructure. The commenters therefore overwhelmingly agree that the Commission should adopt a simple, predictable, and cost-based formula governing the application of the subscriber line charge ("SLC") to ISDN services. While the commenters advance varying proposals as to how to implement these principles, the Commission should not allow this to delay it from promptly resolving this matter.

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The Commission's principal concern appears to be that applying the SLC to ISDN users on a per-facility -- rather than a per-channel -- basis would unfairly burden non-ISDN subscribers by increasing the portion of local loop costs that must be recovered through the common carrier line charge ("CCLC"). As shown below, this concern, while well-intentioned, is over-stated. It should not prevent the Commission from adopting a solution that will foster the growth of ISDN and prompt ubiquitous deployment of advanced services.

In most locations, ISDN service is a small, but rapidly growing, market. Therefore, as many commenters have noted, it is unlikely that imposition of a facility-based SLC on ISDN users would have any effect on residential rates. Even in a worst-case scenario proffered by MCI, the revenue that would be "lost" through imposition of a one-SLC-per-facility approach is less than one percent of the nation's total common line revenue.¹ Thus, even if network usage were to remain constant, requiring this revenue to be recovered through the CCLC would have a negligible effect on the access charges paid by interexchange carriers and, ultimately, passed on to end-users.² But network usage will not remain constant if ISDN is deployed. Rather, ISDN deployment will "grow the pie" -- increasing total minutes of use, and thereby decreasing per-minute CCLC charges.

ISDN will provide additional benefits which the Commission should consider in reaching


¹ MCI estimates that \$25,000,000 to \$70,000,000 of their access costs paid to Bell operating companies are dependent on the outcome of this proceeding. Based on total common line revenue at August 1, 1995 rates, we estimate that the maximum figure represents only nine-tenths of one percent of all common line revenue.

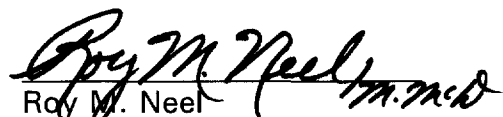
² This minimal impact, even if realized, must be contrasted with the potentially huge ISDN-related market (including computers, hardware, and software) that might be stifled as a result of regulatory policies that inhibited the deployment of ISDN.

a decision. Widespread ISDN deployment will facilitate the provision of advanced computer and communications services. Moreover, because ISDN allows for the provision of high capacity service using existing copper "twisted pair" facilities, deployment will allow educational and health care facilities, rural areas, and consumers to have rapid and affordable access to currently unavailable services.

The Commission has a critical responsibility to facilitate deployment of the NII. Ensuring that ISDN service is priced in a simple, cost-based, and predictable manner is an important way to do so. We therefore urge prompt Commission action in this matter.

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CERTIFICATE OF SERVICE

I, Robyn L.J. Davis, do certify that on July 14, 1995 copies of the Joint Reply Comments of the United States Telephone Association were either hand-delivered, or deposited in the U.S. Mail, first-class, postage prepaid to the persons on the attached service list.



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